

Dealer Licenses and Plates

18.000 Introduction

A dealer **must** provide and maintain a clear physical division between the dealership and any other type of business conducted at the same location. All dealer and salespersons licenses must be displayed in a place conspicuous to the public.

NOTE: This **does not** apply to wholesale-only dealers and salespersons.

A dealer **not** franchised to sell a particular line or make of vehicle **may not** purchase a vehicle at wholesale and resell the vehicle new at retail. Particular attention is required to the definition of a “new vehicle” shown below.

“New Vehicle” (VC §430)—A new vehicle is a vehicle constructed entirely from new parts that has never been the subject of a retail sale, registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign state, province, or country.

18.005 Sales to Minors

Pursuant to *California Vehicle Code* (VC) §15500, “It is unlawful for any minor who does not possess a valid driver license issued under this code to order, purchase or lease, attempt to purchase or lease, contract to purchase or lease, accept, or otherwise obtain, any vehicle of a type subject to registration.”

18.010 Board of Equalization Retail Seller’s Permit

All licensed vehicle dealers **must** possess a valid Retail Seller’s Permit issued by the California State Board of Equalization. It is a misdemeanor for a business to engage in sales without the permit. Contact your local Board of Equalization Office for advice concerning sales tax obligations and the application of tax to your business.

18.015 Closure of Business (VC §11721)

Automatic cancellation of a dealer’s license will occur if the:

- Dealer abandons the primary business location.
- Dealer fails to have an adequate bond on file.
- Dealer’s corporate status is suspended or revoked.

18.015 Closure of Business, continued

- Dealer fails to renew the dealer license prior to or within the 30 day grace period.
- Designated licensee changes.
- Seller's permit is suspended or revoked by the Board of Equalization.

The department will notify a dealer of license cancellation. There is no provision in law for a hearing when a license is canceled due to one of the above reasons.

If closure of the business is voluntary, contact the nearest DMV investigations/inspectors office **or** send written notification to the department.

In all cases, the dealer license plates, stickers, registration cards, and report of sale documents are property of the department and **must be** surrendered:

18.020 Reporting Changes in Dealership

Any change in the ownership, business address, or firm name of the dealership must be reported immediately to your local department investigations office.

18.025 License Renewals (VC §11717)

Dealer licenses and special plates expire one year from the month of issuance on the last calendar day of that month. Salesperson licenses expire three years from the date of issuance.

All licensed firms are mailed an Application for Renewal of License (OL 45) 45 days prior to expiration. Blank renewal forms may be obtained from any DMV office if the renewal notice is not received or lost.

Renewal fees **must be** paid to the department by midnight of the expiration date to avoid a late penalty. Use the envelope provided to mail the renewal fees to:

Department of Motor Vehicles
Occupational Licensing Unit MS N224
PO Box 932342
Sacramento, CA 94232-3420

Late Renewals—Renewal fees and penalties can be paid during the 30 days following the expiration date. After the 30-day period, renewal **is not** an option and a new application and fees must be submitted.

18.030 Use of Dealer Plates (VC §11715)

The dealer plate permits operation of dealer inventory vehicles without registration or transfer to the dealer. Any other license plates or permits currently attached to the vehicle must remain on the vehicle. Display a single dealer plate at the rear of the vehicle being operated.

Dealer plates **may** be used/displayed for business or pleasure purposes:

- On vehicles rented or leased to vehicle salespersons in the course of employment for purposes of demonstration.

18.030 Use of Dealer Plates, continued

- To deliver a vehicle when title **does not** pass to the purchaser until after delivery.

NOTE: Use of dealer plates **does not** extend to a licensee's family members **unless** the vehicle is used in conjunction with the firm's business activities.

Prospective buyers may test drive dealer-owned and plated vehicles for reasonable periods of time, including keeping a vehicle overnight or for a weekend. The period of time **cannot** exceed seven days under any circumstances. A salesperson **does not** have to be present. The vehicle may be operated laden or unladen.

Dealer plates **cannot** be used/displayed:

- After delivery of a vehicle.
- On work or service vehicles. This includes tow cars, parts delivery vehicles, pickup vehicles, and vehicles loaned to service customers.
- On vehicles owned by the dealer and rented or leased to individuals other than licensed salespersons except as shown in this section.
- On a vehicle with current California registration owned and operated by a licensed dealer if the former owner has sent a Notice of Release of Liability (REG 138) to DMV and the customer copy of the report of sale is displayed on the vehicle.
- On a vehicle with a permit issued by the department being moved over the highways from a vessel, railroad depot, or warehouse to a warehouse or showroom.
- On unregistered vehicles used to transport more than one load of other vehicles for the purpose of sale.

18.035 Substitute Dealer Plates, Sticker, and/or Duplicate Registration (VC §9265)

To obtain substitute/replacement dealer plates, stickers, and/or a registration card, submit a completed Application for Additional Special Plates by Vehicle Dealer, Manufacturer, Transporter, Dismantler, or Distributor (OL 22) and the required fee to the DMV.

The department issues a 120-day temporary permit (OL 113) upon receipt of the proper application and fee(s) to use until the replacement is received.

- Renewal fees may be paid if the registration expires within 90 days.
(VC §11717)
- The plate renewal fee and a late penalty are due if the substitute plate application is made during the 30-day penalty period following the license expiration date.

18.040 Additional Special Plates

The Application for Additional Special Plates by Vehicle Dealer, Manufacturer, Transporter, Dismantler, or Distributor (OL 22) must be submitted to the department with the required fee(s) for issuance of additional plates. The department will issue a temporary 120-day permit (OL 113) to use until the additional plates are received.

18.045 Autobrokers (VC §§166, 232.5, and 285)

Autobroker (VC §§166 and 285)—An “autobroker” or “auto buying service” is a dealer who engages in the business of brokering as defined in VC §232.5.

Brokering Defined (VC §232.5)—“Brokering” is an arrangement under which a dealer, for a fee or other consideration, regardless of the form or time of payment, provides or offers to provide the service of arranging, negotiating, assisting, or effectuating the purchase of a new or used motor vehicle, not owned by the dealer, for another or others.

An autobroker **must**:

- Register with the department prior to acting as an autobroker. A fee is required.
- Follow particular requirements when brokering a transaction.
- Execute a brokering agreement **and** provide a copy to the:
 - consumer prior to signing a purchase agreement or prior to the autobroker accepting \$100 or more from the consumer, whichever occurs first.
 - selling dealer prior to that dealer entering into a purchase agreement with the consumer.
- Maintain a copy of the executed brokering agreement and other notices and documents related to each brokered transaction for three years.
- Complete and maintain a log of transactions for three years. (VC §§11735, 11736)

The autobroker log **must** contain the vehicle identification number (VIN), date of the brokering agreement, name of the consumer, the selling dealer’s name and dealer number, and the autobroker’s name and dealer number for each brokered vehicle. The log remains the property of the department and must be available for inspection at any time.

- **Not** act as the seller and provide brokering services in the same transaction.

The auto-brokering law specifies requirements for advertising and accepting purchase deposits and prohibits the display of a new motor vehicle at the business premises of another dealer registered as an autobroker. All autobroker applicants **must** first be licensed as a dealer. The autobroker registration expires at the same time as the dealer license.

NOTE: An autobroker registration application may be made in conjunction with an application for a dealer license.